

some States, and it is certainly something I support. However, I cannot support allowing association health plans to achieve cost savings by offering inferior coverage. Allowing AHPs to circumvent existing State laws, for example, with regard to mental health coverage or contraceptive equity or mammograms or prostate screening or countless other necessary benefits is not an acceptable means to cut premiums.

Supporters of this legislation claim that millions of small businesses and their employees will be eligible for this new insurance option. However, the Congressional Budget Office estimates that only 600,000 of those eligible are currently uninsured, a small fraction of this huge population.

And H.R. 525 would allow AHPs to offer artificially lower costs by offering cheaper premiums to lower-risk populations, a policy that will lead to older and sicker people paying higher premiums. The CBO found that more than 20 million workers and their dependents would see their premiums increase due to AHPs cherry-picking.

States require that qualified health plans cover certain basic items. States say that anything that is worthy of the name health plan must cover certain things. Well, under this bill I could create a health plan that covers nothing but ingrown toenail surgery. It would be the cheapest plan out there, but it would not help employees very much.

I urge my colleagues to vote against H.R. 525 and to support the Andrews-Kind substitute. Their legislation would address the real needs of small employers. It would establish a small employer health benefits plan that would grant small business employees the same benefits as Federal employees receive. It provides prorated premium assistance for companies of varying sizes and employees of varying income. It would be much preferable to H.R. 525.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. PRICE), a member of the committee.

Mr. PRICE of Georgia. Mr. Speaker, I thank the gentleman for yielding me this time and for his work on this issue and so many other important issues.

When I go home, and especially as a physician in Congress, when I go home and talk to small businesses, they say whatever you do, whatever you do, do something about my health care costs. Make it so I can help my employees get insurance.

Mr. Speaker, 45 million uninsured we have heard, 60 percent or more of those are employed currently, and why do they not have health insurance. Either they are self-employed or they work for small businesses so they have to purchase health insurance in the individual market.

So what is the solution? Pool together. Six people can buy insurance for cheaper than one person; 60 cheaper than 6; 600 cheaper than 60; and 6 mil-

lion cheaper than 600, and it can be quality insurance, and H.R. 525 is a step in the right direction.

We have heard that the number of uninsured will go up, the cost for the premium will go up 23 percent. I will take that wager. This is the same crowd that said welfare reform would not work. I will take that bet.

Once again, the rhetoric we have heard is disgraceful. We have heard that Republicans do not care about women with breast cancer. Come on. What kind of nonsense is this. Who do you think will be making the decisions about the kinds of provisions that will be in that insurance policy? It is patients. It is patients in the associations, and they are much closer I would argue to the individuals making decisions about what is going to be included under those plans than human resources officers in large companies.

H.R. 525 is a step in the right direction. I encourage my colleagues on both sides of the aisle to support it.

Mr. ANDREWS. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Ms. VELÁZQUEZ), a person with whom I share an important goal, but have a disagreement on means.

(Ms. VELÁZQUEZ asked and was given permission to revise and extend her remarks.)

Ms. VELÁZQUEZ. Mr. Speaker, in every State and every district when we meet with small business owners, their number one concern is rising health care costs. Even as we sit here, the cost of health care continues to rise.

Today's legislation will help address this problem. Association health plans will provide an employer-based solution to help the sector of the economy that is being hit the hardest: small businesses. Critics of the bill will come forward today and tell you how association health plans are going to lead to a devastating impact on small businesses and the insurance market. Well, from where I stand, it is hard to imagine that it could get any worse.

We have 45 million Americans without health insurance and over half are small businesses and their employees. This includes up to 7 million children that have family members working for small firms. And for the last 5 years, small businesses have seen insurance costs increase by over 60 percent. These are statistics that are so often stated in this town that we forget what the real impact is. When an employer has to spend an additional \$3,000 a year for coverage per employee year after year, it is easy to understand why some are dropping coverage all together.

We have a modest solution before us today that no one can claim will address all of the problems, but it can provide some help in a market that needs it. I think it is important to talk about what association health plans are and what they are not. These plans will be under the same set of rules that apply to corporate and union plans. In fact, the requirements for association health plans are even more strict. It

will require that an association health plan have sufficient reserves to pay all claims. It includes protections against cherry-picking to prevent adverse selection. It provides a structure to ensure that the DOL can monitor these plans.

Critics will cite an outdated CBO study that does not even examine the legislation before us today. Will association health plans cure all of the problems when it comes to health insurance in the small group market? Absolutely not. But will it bring some elements of affordability and competition in these markets? I think so.

By some estimates, this bill is estimated to provide as many as 8 million Americans with insurance, no small sum. One of the best indicators as to whether AHPs will increase competition is the strong opposition from insurance companies. They are worried that they will lose their stranglehold on the small-group market. These insurance companies with highly paid lobbyists from Blue Cross/Blue Shield, for example, that hold monopolies on State markets are worried that they will have to start negotiating premiums rather than dictating them.

I rise in strong support of this legislation. I ask my colleagues to do the same. Just as important, I call on the Senate to act on this legislation and the administration to put its full backing behind this bill. This Nation's entrepreneurs deserve it.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I reserve the balance of my time.

Mr. ANDREWS. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. TIERNEY), a Member who understands that this bill will increase the number of uninsured by at least 1 million people.

Mr. TIERNEY. Mr. Speaker, this so-called Small Business Health Fairness Act is a bill that is attractive to a few, seems to be sufficient for none, and is going to be harmful for many.

The Congressional Budget Office did an estimate of the proposed bill. It estimated that only 600,000 of the 45 million uninsured will be provided new insurance coverage by these AHPs. In fact, the respected 2003 Mercer Consultant Study that was done for the National Small Business Association found that the number of uninsured will increase by 1 million, as increased nonassociated market costs force small employers to drop coverage.

The fact of the matter is there is not going to be the dramatic savings proposed here. That is not going to materialize. The Congressional Budget Office found that these premiums for AHPs would only be marginally less than traditional premiums for health care plans.

In fact, the 2003 Mercer Study found that premiums would increase by 23 percent for those outside the AHP market. It also found that there would be an increase in the number of uninsured workers in small firms, an increase of 1